

Message Text

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ACTION STR-07

INFO OCT-01 ISO-00 STRE-00 OIC-02 AF-10 ARA-14 EA-12
EUR-12 NEA-10 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 ICAE-00 INRE-00 JUSE-00 AGRE-00 CEA-01
COME-00 EB-08 FRB-01 H-02 INR-10 INT-05 L-03
LAB-04 PA-02 CTME-00 AID-05 SS-15 ITC-01 TRSE-00
SP-02 SOE-02 OMB-01 DOE-15 /145 W
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O 061811Z APR 78
FM USMISSION GENEVA
TO AMEMBASSY COPENHAGEN IMMEDIATE
INFO SECSTATE WASHDC IMMEDIATE 8077
AMEMBASSY BRUSSELS

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USMTN
USEEC

COPENHAGEN FOR AMBASSADORS STRAUSS AND MCDONALD

DEPT PASS STR AND USICA

E.O. 11652: N/A
TAGS: ETRD, MTN
SUBJECT: TIMES OF LONDON ARTICLE ON APRIL 10 MEETING

1. FOLLOWING IS TEXT OF LONDON TIMES ARTICLE OF APRIL 5
ENTITLED "TRADE CHIEFS SEEK TO END GENEVA DEADLOCK:
HEADS OF WESTERN MISSIONS TO HOLD SEPARATE MEETING
AS PRESSURE FOR JULY AGREEMENT MOUNTS."

2. BEGIN TEXT.

IN A HIGH-POWERED ATTEMPT TO RESOLVE SOME OF THE
CRUCIAL ISSUES HOLDING UP PROGRESS AT THE WORLD TRADE
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TALKS IN GENEVA, THE THREE KEY MEN--THE TRADE CHIEFS OF
THE UNITED STATES, THE EUROPEAN COMMUNITY AND JAPAN--
WILL MEET IN SWITZERLAND ON MONDAY.

THE AIM OF THE MEETING WILL BE TO BREAK THE DEADLOCK
OVER AMERICAN DEMANDS FOR FREER TRADE IN AGRICULTURAL
PRODUCTS, AND OTHER CONTENTIOUS ISSUES LIKE INDUSTRIAL

SUBSIDIES AND THE UNFETTERED USE OF COUNTERVAILING DUTIES.

WITH THE APPROACH OF THE JULY DEADLINE FOR BRINGING THE 4-1/2-YEAR-OLD TOKYO ROUND OF TRADE NEGOTIATIONS TO A SUCCESSFUL CONCLUSION, THE SEARCH FOR COMPROMISE FORMULAE IS BECOMING MORE INTENSE.

IT IS, THEREFORE, VIEWED AS IMPORTANT THAT A MEETING LIKE MONDAY'S, BETWEEN MR. ROBERT STRAUSS, THE UNITED STATES SPECIAL TRADE REPRESENTATIVE; HERR WILHELM HAERKAMP, THE EEC VICE-PRESIDENT FOR EXTERNAL RELATIONS, AND MR. NOBUHIKO USHIBA, JAPAN'S MINISTER FOR EXTERNAL ECONOMIC AFFAIRS, SHOULD INJECT A FRESH POLITICAL IMPETUS TO THE INTERNATIONAL BARGAINING.

THERE ARE SOME INDICATIONS THAT THE EEC AND THE UNITED STATES ARE LESS FAR APART THAN THEY WERE OVER THE THORNY QUESTION OF SUBSIDIES. THE PROBLEM OF SUBSIDIES, PARTICULARLY AGRICULTURAL SUBSIDIES LIKE THOSE EMPLOYED UNDER THE EEC'S COMMON AGRICULTURAL POLICY, HAS PROVED THE MOST INTRACTABLE SINCE THE WORLD TRADE TALKS WERE LAUNCHED IN SEPTEMBER, 1973.

THE DIFFICULTIES STILL TO BE OVERCOME IN THE AREA OF AGRICULTURAL TRADE POLICY WERE REVEALED CLEARLY BY THE EFFECTIVE BREAKDOWN OF THE WHEAT CONFERENCE, WHICH WAS UNCLASSIFIED

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TAKING PLACE IN GENEVA DURING THE WEEKS BEFORE EASTER, IN PARALLEL TO THE MAIN TRADE TALKS.

ALTHOUGH THE WHEAT CONFERENCE WAS A SEPARATE EVENT, THE RESULTS WERE INTENDED, IN THE JARGON, TO BE "FOLDED IN" TO ANY WIDER AGREEMENT ON TRADE. EVEN A SECRET MEETING JUST BEFORE EASTER BETWEEN TOP AMERICAN AND EEC OFFICIALS FAILED TO SALVAGE MUCH.

THE TWO DAYS OF DISCUSSIONS, AT THE RESORT OF EVIAN ON THE FRENCH SIDE OF LAKE GENEVA, APPARENTLY RESULTED ONLY IN AN AGREEMENT TO PUT THE BEST FACE ON THE LACK OF RESULTS. IT WAS AGREED ONLY THAT THE CONFERENCE SHOULD BE RECONVENED IN THE AUTUMN.

FAILURE OF THE EVIAN TALKS MUST HAVE BEEN DISAPPOINTING. THEY SEEM TO HAVE BEEN ARRANGED WITH HIGH HOPES THAT THE ATMOSPHERE OF THE VENUE WOULD BE CONDUCIVE TO SUCCESS. SENIOR OFFICIALS FROM THE EEC COMMISSION'S AGRICULTURE DIRECTORATE FLEW FROM BRUSSELS ESPECIALLY FOR THE EVIAN DISCUSSIONS. THE COMMUNITY PARTICIPANTS INCLUDED M. LOUIS-GEORGES RABOT, THE AGRICULTURE DIRECTOR-

GENERAL, AND SIGNOR ADOLFO PIZZUTI, A DEPUTY.

THE AMERICANS WERE REPRESENTED BY AMBASSADOR ALONZO MCDONALD, PRESIDENT CARTER'S DEPUTY SPECIAL TRADE REPRESENTATIVE AND HEAD OF THE AMERICAN NEGOTIATORS IN GENEVA.

IN SPITE OF SUCH DISAPPOINTS IT IS GENERALLY AGREED BY ALL THE MAJOR PARTICIPANTS IN THE TRADE NEGOTIATIONS THAT MID-JULY IS A FIRM DATE FOR BRINGING THE MAIN BARGAINING PROCESS TO AN END.

THIS IS BECAUSE OF THE GENERAL POLITICAL AND LEGISLATIVE DIFFICULTIES ENTAILED IN ALLOWING THE

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NEGOTIATIONS TO DRAG ON. FOR A START, IT WOULD BE DIFFICULT FOR THE CARTER ADMINISTRATION TO MAKE TRADE CONCESSIONS LATER IN 1978 BECAUSE OF THE MID-TERM ELECTIONS. FURTHERMORE, ANY AGREED TRADE PACKAGE HAS TO BE GOT THROUGH CONGRESS BY JANUARY, 1980.

THIS IS WHEN THE 1974 UNITED STATES TRADE ACT, GIVING NEGOTIATING AUTHORITY TO THE ADMINISTRATION, EXPIRES.

AT THE SAME TIME THERE IS A GENERAL ACCEPTANCE THAT A FAILURE TO AGREE ON A PACKAGE OF TARIFF CUTS, AND CODES FOR REDUCING UNFAIR TRADE PRACTICES, WOULD HAVE GRAVE

CONSEQUENCES FOR GOVERNMENTS TRYING TO RESIST PROTECTION-
ISM.

FOR THIS REASON IT SEEMS ALMOST INCONCEIVABLE THAT
NO AGREEMENT WILL BE ULTIMATELY FORTHCOMING. THE BIG
QUESTION IS HOW SUBSTANTIAL THE MEASURES WILL ACTUALLY
PROVE TO BE.

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APART FROM AGRICULTURE AND SUBSIDIES, THERE ARE A
NUMBER OF OTHER ISSUES THAT HAVE SO FAR DEFIED AGREEMENT.

ONE IS THE QUESTION OF SAFEGUARDS, WHICH ENABLE
COUNTRIES TO RESTRICT SUDDEN DISRUPTIVE IMPORT SURGES.
END TEXT.

3. DRAFTED BY MEYERS. CULBERT

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